

Fund Information	30 November 2018		
Fund Size	\$670 million		
Fund Type	PIE		
Investment management	PIMCO		
Benchmark	Bloomberg Barclays Global Aggregate Index - \$NZ hedged		
Performance (gross)	1 month	3 months	12 months
Portfolio (%)	-0.05%	-0.16%	+1.14%
Benchmark (%)	+0.45%	-0.16%	+0.66%
Alpha (%)	-0.50%	0.00%	+0.48%

The performance in this fact sheet is gross of fees and tax. Investors should also refer to the quarterly Fund Update, which is available on hunterinvestments.co.nz and business.govt.nz/disclose.

Performance update

The Hunter Global Fixed Interest Fund returned -0.05% for the month of November, trailing the benchmark return of +0.45% (being the Bloomberg Barclays Global Aggregate Index - \$NZ hedged) for the same period.

The Fund benefited from PIMCO's overweight to US duration despite being positioned for the yield curve to steepen rather than the flattening that occurred.

Just about all other active positions detracted from performance, particularly the duration underweights in UK, Japan and periphery Europe which all saw interest rates fall.

In the credit sector, our underweight investment grade credit largely off-set widening spreads in Bank capital assets but both agency and non-agency mortgages underperformed given the broader credit spread widening over the month. Even inflation linked bonds underperformed as inflation expectations fell.

Currency positions also detracted slightly.

Investment markets

Core interest rates were generally lower in November and credit spreads wider as investors sought "safe" assets. Conversely, equity markets were more mixed, US and emerging markets outperforming European markets. The US market benefited from a perceived softening in the Fed's interest rate outlook which was seen as positive for equities while in Europe, lower German growth together with Brexit and Italian Budget issues all weighed on markets.

Meanwhile oil prices fell 20% as the Saudi's ramped up production.

Portfolio positioning

The Fund continues to remain defensively positioned, underweight duration overall. (5.2 years vs index at 7.0 years)

Within regions, the Fund holds a modest overweight to intermediate U.S. duration but is underweight the front and long ends of the yield curve as PIMCO believes that Fed moves are not correctly priced. U.S. rates still offer an attractive pick-up versus other developed market interest rates.

PIMCO is also now underweight semi-core and peripheral Eurozone while overweight core and satellite Europe (Sweden, Denmark) duration as they see little room for rates to rally in the face of the ECB ending its quantitative easing programme and the outlook for rates in Japan.

PIMCO is maintaining a modest underweight to UK duration both as a relative value trade and because of concerns around Brexit outcomes.

The Fund is also underweight duration in Japan as recent policy changes point to higher rates there.

The Fund continues to have exposure to a diversified basket of high yielding emerging market currencies (including RUB, ARS, MXN and COP) against the Euro. We are also long the USD versus a basket of "low carry" currencies.

In the credit risk sector, the Fund remains underweight investment-grade corporate credit preferring the non-agency mortgage sector due to their attractive yields and downside protection.

The Fund also holds exposure to Danish "callable" mortgages and Swedish "covered" bonds and, recently, UK residential MBS which PIMCO view as offering an attractive source of "safe spread".

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30 November 2018

**Hunter Global Fixed Interest Fund
Investment Portfolio Characteristics**



Investment Statistics	
Effective Duration	5.2
Benchmark Duration	7.0
Average Maturity	6.5
Average Coupon	2.5
Average Quality	AA-
Total Carry	4.3

Quality Breakdown		
Market Value % Portfolio		Market Value % Benchmark
58.2	AAA	40.1
7.5	AA	16.2
15.6	A	28.7
11.5	BBB	15.1
7.1	Sub Inv Grade	0.0
100	Total	100

Curve Exposure				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
9.2	0.0	0 - 1 years	0.5	0.0
0.8	6.8	1 - 3 years	0.0	0.5
35.4	12.8	3 - 5 years	1.8	0.9
39.3	32.4	5-10 years	2.0	2.3
15.4	47.9	10+ years	0.8	3.3
100	100	Total	5.2	7.0

Regional Breakdown by currency of settlement)				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
4.4	1.1	Australia/NZ	0.2	0.1
4.6	22.1	Japan	0.2	1.5
22.1	23.9	Europe - EMU	1.1	1.7
6.3	1.5	Europe - Non EMU	0.3	0.1
4.7	7.6	United Kingdom	0.2	0.5
60.3	41.1	North America	3.1	2.9
0.3	1.1	Emerging Markets	0.0	0.1
-2.5	1.6	Other	-0.1	0.1
100	100	Total	5.2	7.0

Sector Breakdown				
Duration Weighted Exposure		Duration Weighted Exposure		
% Portfolio	% Benchmark		Years Portfolio	Years Benchmark
32.5	58.3	Government	1.7	4.1
6.5	8.1	Agency/Semi	0.3	0.6
32.1	11.3	Mortgage	1.7	0.8
15.7	16.6	Inv Grade Corp	0.8	1.2
1.7	0.0	High Yield Corp	0.1	0.0
2.7	5.7	Emerging Markets	0.1	0.4
8.8	0.0	Cash Equivalents	0.5	0.0
100	100	Total	5.2	7.0

